THABAZIMBI MUNICIPALITY

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THABAZIMBI MUNICIPALITY

GENERAL INFORMATION

MEMBERS OF THE EXECUTIVE COMMITTEE

Chairperson	Councillor NL Matlou (Mayor)
Member	Councillor IN Keyser
Member	Councillor PA Mosito
Member	Councillor S Mataboge

MEMBERS OF THE COUNCIL

Councillor

NL Matlou (Mayor)

ME Hlalele (Speaker)

AS Khumalo
RA Ramogale
G Modise
S Matsietsa
SM Semaswe
RC du Preez
M Mokonyane
MA Makola
PA Scruton
T Mkansi
EN Ntantiso
D Musi
M Pilane
V Machine
S Manala

GRADING OF LOCAL AUTHORITY

Grade 3 Local Authority

AUDITORS

Office of Auditor-General

BANKERS

ABSA - Thabazimbi

REGISTERED OFFICE

7 Rietbok Street, Thabazimbi 0380
Private Bag X530, Thabazimbi 0380

Tel: (014) 777 1525
Fax: (014) 777 1531

MUNICIPAL MANAGER

TSR NKHUMISE

THABAZIMBI MUNICIPALITY

GENERAL INFORMATION - continued

CHIEF FINANCIAL OFFICER

DM MOYO

BComm - Accounting

APPROVAL OF FINANCIAL STATEMENTS

The financial statements for the year ended 30 June 2007 were approved by the Municipal Manager on 30 August 2007.

TSR NKHUMISE	**DM MOYO**
MUNICIPAL MANAGER	**Chief Financial Officer**

THABAZIMBI MUNICIPALITY

FORWARD 2006/2007

Thabazimbi Local Municipality has managed to draw and submit a financial statement that accounts for the responsibilities of the Municipality and the implementation of Council's programs and projects as contained in the IDP and Budget of the Financial year 2006/2007.

However, it is to be noted that quiet a number of policy requirements for effective financial management process were not yet in place to ensure smooth, accountable and effective financial management and legislative compliance.

Therefore this financial statmenet is a significant improvement on the part of the Municipality towards sound and accountable financial management of the resources on behalf of our people, although it will still have some short comings due to the issues mentioned in th above paragraph.

It is worth noting that the employment of senior officials at Section 57 level in line with the Municipal Systems Act (Act 117 of 1998) has seen tremendous improvement on policy formulation and adoption in addition to the contribution of Siyenza Manje Project through Project Consolidate.

A number of policies such as Supply Chain Management, Credit Control and numerous HR policies have been adopted and 32 by-laws are in a draft stage which will help in the management and control of the Municipal Resources to realize the vision of effective, economic and efficient service to the people.

The sound relationship between the Political leadership and the Administration also create an atmosphere for improvement and focus on the relevant issued.

However, there are still challenges facing the Municipality especially the transformation of the Finance department to be aligned with its responsibility for compliance and management purposes. The filling of critical posts in this department has already started to speedily address these short comings.

Revenue collection has also proven to be a serious challenge which has never received the attention it deserves and therefore the Municipality with the assistance of the Department of Local Government and Housing are developing a Revenue Enhancement Strategy to ensure sustainable service delivery.

Council oversight role has also improved through the timeous submission of financial monthly and quarterly reports. The appointment and resuscitation of the internal audit function will also go a long way in improving financial viability and accountability.

To enhance compliance in the new financial year the Municipality has approved SDBIP's and signed performance agreements with all Section 57 Managers to be reviewed on a quarterly basis.

It is my firm believe that all these measures and others not mentioned here will go a long way in making sure that the Municipality will produce qualitative financial statements that are compliant with the legislative provisions.

THABAZIMBI MUNICIPALITY

INTRODUCTION OF MUNICIPAL MANAGER

Section 92 of the Municipal Finance Management Act 156 of 2003. stipulates as follows:

"92 The Auditor General must audit and report on the accounts, financial statements and financial management of each Municipal Entity.

The Local Gevernment : Municipal Finance Management Act, 2003 - Section 166(1) requires that each Municipality and Municipal Entity must have an Audit Committee. The Audit Committee was constituted by Council. Unfortunately it was non-functional until it was officially disbanded. This poses a very serious treat to the Municipality because it was suppose to advice Council, on the following, just to mention a few, internal financial management, accounting policies, the adequacy, reliability and accuracy of financial reporting and information and Performance Management System".

Section 126 of the Municipal Finance Management Act No 56 of 2003 stipulate as follows:

126(1) The Accounting Officer of a Municipality

(a) must prepare the annual financial statements of the municipality and within two (2) months after the end of financial year to which those statements relate, submit the statements to the Auditor General for auditing, and

(b) must in addition, in the case of a municipality referred to in Section 122(2), prepare consolidated annual financial statements in terms of that section, and within three (3) months after the end of the financial year to which those statements relate, submit the statements to the Auditor General for auditing.

The unaudited financial statements for the financial year 2006/2007 are hereby submitted for auditing by the Auditor General's office.

The Municipality is facing a very serious challenge in terms of operating without an Audit Committee but we are already in the process of finalizing the appointment of the new Audit Committee.

One has to admit that this has been a challenging financial issue for the Municipality in particular the financial controls. We are also preparing ourselves to be GRAP compliant in terms of compiling our Financial Statements for the next financial year.

Let me just take this opportunity to thank the Personnel in the Budget and Treasury Department under the leadership of the Chief Financial Officer in particular the Manager in the Office of the Chief Financial Officer and the Divisional Head - Expenditure.

In conclusion - I want to indicate that there is always a room for improvement.

Thanking you.

TSR NKHUMISE
MUNICIPAL MANAGER

THABAZIMBI MUNICIPALITY

REPORT OF THE AUDITOR-GENERAL

THABAZIMBI MUNICIPALITY

BALANCE SHEET

30 JUNE 2007

	NOTE	2007 R	2006 R
CAPITAL EMPLOYED			
FUNDS AND RESERVES		**7,970,108**	19,126,462
Statutory funds	**1**	**7,970,108**	18,783,031
Reserves	**2**	**-**	343,431
RETAINED SURPLUS	**17**	**18,758,892**	3,336,173
TRUST FUNDS	**3**	**-**	(40,673)
LONG-TERM LIABILITIES	**3**	**18,938,524**	17,820,537
CONSUMER DEPOSITS	**4**	**2,623,983**	2,378,974
		48,291,507	42,621,473
EMPLOYMENT OF CAPITAL			
FIXED ASSETS	**5**	**14,682,237**	12,196,206
INVESTMENTS	**6**	**22,831,417**	23,189,377
LONG-TERM DEBTORS	**7**	**274,298**	586,927
		37,787,952	35,972,510
NET CURRENT ASSETS / LIABILITIES		10,503,555	6,648,963
CURRENT ASSETS		30,964,871	26,363,261
Inventory	**8**	**1,458,530**	1,727,805
Debtors	**9**	**27,375,302**	22,236,243
Debtors: short-term portion		**100,553**	294,638
Investments: short-term portion		**-**	-
Cash	**22**	**22,430**	22,430
Suspense		**2,008,056**	2,082,145
CURRENT LIABILITIES		**20,461,316**	19,714,298
Provisions	**11**	**3,904,311**	3,334,234
Creditors	**12**	**7,990,800**	8,810,443
Loans: short-term portion		**-**	-
Bank overdraft	**22**	**8,566,205**	7,569,621
		48,291,507	42,621,473

TSR NKHUMISE
Municipal Manager

DM MOYO
Chief Financial Officer

THABAZIMBI MUNICIPALITY

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2007

2006 Actual Income R	2006 Actual Expenditure R	2006 Surplus (Deficit) R	2006 Budget Surplus (Deficit) R		2007 Actual Income R	2007 Actual Expenditure R	2007 Surplus (Deficit) R	2007 Budget Surplus (Deficit) R
				RATE AND GENERAL SERVICES				
54,366,058	53,616,922	749,136	(3,193,135)		**66,357,210**	**60,988,880**	**5,368,330**	**(6,637,748)**
43,100,618	43,648,571	(547,953)	(2,991,347)	Community services	51,496,452	48,493,516	3,002,936	(5,972,892)
181,918	3,204,081	(3,022,163)	(2,788,818)	Subsidised services	226,592	3,237,348	(3,010,756)	(3,144,332)
11,083,522	6,764,270	4,319,252	2,587,030	Economic services	14,634,166	9,258,016	5,376,150	2,479,476
27,608,337	26,440,873	1,167,464	1,028,431	**TRADING SERVICES**	**30,417,514**	**24,604,948**	**5,812,566**	**6,927,074**
81,974,395	80,057,795	1,916,600	(2,164,704)	**TOTAL**	**96,774,724**	**85,593,828**	**11,180,896**	**289,326**
		(13,725,055)		Appropriation, for the year (refer to note 17)			4,241,822	
		(11,808,455)		**Net surplus / (deficit) for the year**			11,180,897	
		15,341,408		Accumulated surplus / (deficit) beginning of the year			3,336,173	
		3,532,953		**Accumulated surplus / (deficit) at end of the year**			**18,758,892**	

(Refer to appendix D and E for more detail)

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2007

	NOTE	2007 R	2006 R
CASH RETAINED FROM OPERATING ACTIVITIES:		**20,853,954**	(16,973,625)
Cash generated by operations	**18**	**38,404,638**	2,512,613
Investment income		**1,112,149**	454,084
(Increase) / decrease in working capital	**19**	**(4,050,141)**	(15,346,917)
Less: External interest paid	**16**	**(2,538,886)**	(1,436,997)
Cash availible from operations		**32,927,760**	(13,817,217)
Cash contributions from public and state		**(12,073,806)**	(3,156,408)
Nett proceeds on disposal of assets			
CASH UTILISED IN INVESTING ACTIVITIES:			
Investment in fixed assets		**(20,151,762)**	11,135,814
NETT CASH FLOW		**702,192**	(5,837,811)
CASH EFFECTS OF FINANCING ACTIVITIES:			
Increase / (decrease) in Long-term loans	**20**	**523,117**	457,336
Increase / (decrease) in Short-term loans	**3**	**1,117,988**	(1,169,347)
(Increase) / decrease in cash investments	**21**	**(938,913)**	6,506,962
(Increase) / decrease in cash	**22**	**-**	42,860
Nett cash (generated) / utilised		**702,192**	5,837,811

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2007

		2007 R	2006 R
1.	**STATUTORY FUNDS**		
	Capital Development Fund	**-**	8,605,433
	Loan Redemption Fund	**7,533,044**	6,952,091
	Insurance Fund	**437,064**	781,970
	Land Trust Fund	**-**	2,060,099
	Endowment - Parks and open spaces	**-**	4,099
	Loans funds - Bursaries	**-**	103,491
	Land Development Suspense Account	**-**	2,082,146
		7,970,108	20,589,329
2.	**RESERVES**		
	Refuse Removal Scheme	**-**	(22,009)
	Parking Areas	**-**	342,821
	Northam Radio Fund	**-**	24,356
	Furniture and Equipment	**-**	-
	Buildings	**-**	(3,836)
	Roads	**-**	-
	Vehicles	**-**	2,100
	Provision Capital Costs		275,848
		-	619,280
3.	**LONG TERM LIABILITIES**		
	Local Registered Stock	**18,859,908**	17,741,920
	Annuity Loans	**78,616**	78,616
	Vehicle Hire Purchase	**-**	-
	Government Loans		
	Less: Current portion transferred to current liabilities		
		18,938,524	17,820,536

(Refer to appendix B for more detail on long term liabilities)

LOCAL REGISTERED STOCK
Bear interest at rates between 13.3% and 17% per annum and are repayable before the year ended 200

ANNUITY LOANS
Bear interest at rates between 5% and 17.2% per annum and are repayable before the year ended 201
Refer to Appendix B and Section 4 of the Treasurer's report.
Note: None of these loans are insured by any of the Municipality's assets

4.	**CONSUMER DEPOSITS - SERVICES**		
	Electricity and Water	**2,623,983**	2,378,974
	Guarantees in lieu of electricity and water deposits	**2,623,983**	**2,378,974**
5.	**FIXED ASSETS**		
	Fixed assets at the beginning of the year	**12,196,206**	124,529,541
	Capital expenditure during the year	**20,151,762**	(235,200)
	Less: Assets written off, transferred or disposed during the yea		-
	Total Fixed Assets	**32,347,968**	124,294,341
	Less: Loans redeemed and other capital receipts	**(17,665,731)**	(112,098,135)
			-
	Net Fixed Assets	**14,682,237**	12,196,206

(Refer to appendix C and Section 3 of the Treasurer's Report for further details on fixed assets

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2007

		2007 R	2006 R
6.	**INVESTMENTS**		
	Unlisted	**-**	-
	Paid-up Sanlam policies	**7,533,044**	6,952,091
	Investment	**15,298,373**	16,237,286
	Total Investments	**22,831,417**	23,189,377
7.	**LONG TERM DEBTORS**		
	Loans	**-**	586,927
	Vehicles	**139,242**	-
	Study Loans	**-**	-
	Sale of Stands	**135,056**	-
	Less: Short-term portion transferred to Current debtors	**-**	-
		274,298	586,927
8.	**INVENTORY**		
	Inventory represents consumable stores, raw materials	**1,458,530**	1,727,805
9.	**DEBTORS**		
	Current debtors (consumer and other)	**44,192,845**	37,045,185
	Amounts paid in advance	**270,259**	(1,693,711)
		44,463,104	35,351,474
	Less: Provision for doubtful debts	**(16,716,992)**	(12,820,591)
		27,746,112	22,530,883
10.	**CASH/BANK OVERDRAFT**		
	Primary account	**-**	-
	PHP account	**(304,055)**	-
	Bank	**8,870,260**	-
	Petty Cash	**(22,430)**	-
		8,543,775	-
11.	**PROVISIONS**		-
	Leave pay provision	**3,904,311**	3,334,234
12.	**CREDITORS**		
	Trade creditors	**7,626,402**	7,640,988
	Audit fee provision	**62,073**	(551,624)
	Other deposits	**32,066**	27,368
	Amounts received in advance	**270,259**	1,693,711
		7,990,800	8,810,443

13. ASSESSMENT RATES

	Site valuations as at 30/6/07	**Actual income 2006/2007**	Actual income 2005/2006
Residential	107,078,700	**9,841,925**	7,701,488
Commercial	40,254,200	**8,257,515**	4,423,262
State	2,053,251	**255,678**	240,944
Agriculture	28,008,000	**319,854**	5,887,595
Municipal	9,353,305	**-**	
Other	4,300	**-**	
	186,751,756	**18,674,972**	18,253,289

Valuations on land are performed every four years and the last general valuation came into effect 1 July 2003

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2007

		2007 R	2006 R
14.	**COUNCILOR'S REMUNERATION**		
	Mayor's Allowance	**434,693**	411,057
	Speaker	**191,254**	180,865
	Councilors' Allowance	**2,147,359**	1,849,755
	Executive Committee Allowances	**1,119,332**	647,415
	Councilors' Pension Contributions	**290,676**	-
		4,183,314	3,089,092
	SALARIES ALLOWANCES AND BENEFITS MANAGEMENT		
	Municipal Manager	**656,277**	
	Chief Financial Officer	**489,541**	
	Social Services Manager	**475,260**	
	Economic Development and Planning (vacant)	**557,675**	
	Technical Manager (vacant)	**677,123**	
		2,855,876	
	Arrears on rates and services for longer than 90 days		
	Councillor M PILANE R15 097.91		
	Disclosure MFMA Chapter 12 Section 124		
	Concerning councillors, director and officials		
	No entities are concerned		
15.	**AUDITORS' REMUNERATION**		
	Audit Fees		
	- Current Year	**735,568**	601,650
	- Underprovision prior year		
		735,568	601,650
16.	**FINANCE TRANSACTIONS**		
	Total external interest earned or paid:		
	Interest earned	**1,112,149**	454,084
	Interest paid	**2,538,886**	1,436,997
	Capital charges debited to operating account		
	Interest:	**(2,538,886)**	1,436,997
	- External	**(2,538,886)**	1,436,997
	- Internal	**-**	
	Redemption	**523,117**	457,334
	- External	**523,117**	457,334
	- Internal	**-**	
		(2,015,769)	2,348,415
17.	**APPROPRIATIONS**		
	APPROPRIATION ACCOUNT		
	Accumulated surplus at beginning of year	**3,336,173**	15,341,408
	Operating (deficit)/surplus for the year	**11,180,897**	1,916,600
	Appropriations for the year	**4,241,822**	(13,528,275)
	Accumulated surplus at end of year	**18,758,892**	3,336,173
	OPERATING ACCOUNT		
	Capital expenditure		-
	Contributions to:		-
	Provision : Doubtful debt	**4,042,883**	6,091,242
	Provision : Leave	**784,222**	1,146,598
	Inter Govermental Grant	**-**	2,523,494
	Assets	**-**	
	Creditors	**-**	
	Adj: Debtors / Creditors	**4,241,822**	-
		-	
		9,068,927	9,761,334

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2007

	2007 R	2006 R
18. CASH GENERATED BY OPERATIONS		
(Deficit)/Surplus for the year	**11,180,897**	1,916,600
Adjustments in respect of:		
Previous years' operating transactions	**4,241,822**	(13,725,055)
Appropriations charged against income:	**8,398,127**	11,919,308
- Capital Development Fund	**-**	
- Loans redemption Fund	**580,953**	517,046
- Reserve Working Capital	**4,042,883**	6,091,242
- Accrued leave	**-**	1,146,598
- Gratuity Fund	**-**	-
- Town Planning Fund	**-**	
- Community Facilities Fund	**-**	
- Insurance Fund	**553,195**	
- Provisions and Reserves	**-**	-
- Fixed Assets	**3,221,096**	4,164,422
Capital Charges:	**3,062,003**	1,924,359
Interest paid		
- to internal funds	**-**	30,028
- on external funds	**2,538,886**	1,436,997
Redemption		
- of internal advances		
- of external loans	**523,117**	457,334
Investment income (operating account)	**1,112,149**	(454,084)
Grants and Subsidies (operating account)	**22,215,717**	
Non-operating income / (expenditure)		
Statutory Funds	**(11,671,225)**	(737,055)
Reserves	**(645,125)**	(215,113)
Trust funds	**(42,922)**	(518,438)
Provisions	**553,195**	1,146,598
	38,404,638	2,512,613
19. (INCREASE)/DECREASE IN WORKING CAPITAL		
(Increase)/Decrease in inventory	**269,275**	(599,358)
(Increase)/Decrease in debtors	**(5,139,059)**	11,479,247
(Increase)/Decrease in creditors	**819,643**	4,467,028
	(4,050,141)	15,346,917
20. (INCREASE)/DECREASE IN LONG-TERM LOANS (External)		
Loans raised	**-**	
Loans repaid	**523,117**	457,336
	523,117	457,336
21. (INCREASE)/DECREASE IN CASH INVESTMENTS (External)		
Investments realised	**(938,913)**	6,506,962
Investments made	**-**	-
	(938,913)	6,506,962
22. (INCREASE)/DECREASE IN CASH ON HAND		
Cash balance at beginning of year	**22,430**	-
Less: Cash Balance at end of year	**(22,430)**	-
	-	-

23 Other compulsory disclosures

No entities are concerned

No contributions to organised local government were made

No outstanding amounts at the end of the financial year

Total amounts paid:

Audit Fees	**735,538**
Taxes	**3,589,172**
Levies	**0**
Duties	**0**
Pension	**3,439,509**
Medical Aid	**1,152,566**

No outstanding amounts at the end of the financial year

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2007

	2007 R	2006 R
Fruitless and wastefull expenditure		
Prepaid meters Rooiberg	**120,000**	
MV/LV Network Thabazimbi	**1,680,755**	
Bulk Water Rooiberg (Pipes) (Recovered by retention monies)	**469,122**	
	2,269,877	
Unauthorised expenditure		
Operating budget	**4,577,684**	
Services Regorogile Ext 6 & 7 Water and Sewer	**4,443,731**	
Civic Centre	**150,600**	
	9,172,015	

A committee was appointed by Council to investigate fruitless, wastefull and unauthorised expenditure but the outcome is stil pending. No criminal or disciplinary steps were taken at this stage. No material losses were recovered or written off except the pipes on the Bulk Water at Rooiberg.

THABAZIMBI MUNICIPALITY

APPENDIX A

STATUTORY FUNDS, TRUST FUNDS, RESERVES AND PROVISIONS 2007

	Balance at 30-Jun-2006 R	Contributions during the year R	Interest on investments R	Other income R	Expenditure during the year R	Balance at 30-Jun-2007 R
STATUTORY FUNDS						
Capital Development fund	8,605,433				(8,605,433)	**-**
Loan Redemption Fund	6,952,091			580,953		**7,533,044**
Insurance fund	781,971			553,195	(898,103)	**437,063**
Land Trust fund	2,060,099			-	(2,060,099)	**-**
Endowment - Parks	4,099				(4,099)	**-**
Loans funds - Bursaries	103,491				(103,491)	**-**
Land Development Suspense	-			-	-	**-**
	18,507,184	-	-	1,134,148	(11,671,225)	**7,970,107**
TRUST FUNDS						
Equitable Share	-					**-**
Cemetery	-					**-**
Refuse Dumping Site	42,922				(42,922)	**-**
Water Supply / Sewerage	(83,595)			83,595	-	**-**
	(40,673)	-	-	83,595	(42,922)	**-**
RESERVES						
Refuse Removal Scheme	(22,009)			22,009		**-**
Parking Areas	342,821				(342,821)	**-**
Northam Radio Fund	24,356				(24,356)	**-**
Provision Capital Costs	275,848				(275,848)	**-**
Buildings	(3,836)			3,836	-	**-**
Roads	-					**-**
Vehicles	2,100				(2,100)	**-**
	619,280	-	-	25,845	(645,125)	**-**

APPENDIX B

EXTERNAL LOANS AND INTERNAL ADVANCES 2007

		Balance at 30-Jun-2006 R	Received during the year R	Expenditure during the year R	Balance at 30-Jun-2007 R
OPENBARE WERKE - SANLAM	952/023/0234	115,156			**115,156**
OPENBARE WERKE - DBSA	952/023/0236	5,702,991		(196,106)	**5,506,885**
OPENBARE WERKE - DBSA	952/023/0237	239,118		(7,978)	**231,140**
VEHICLE LEASE ABSA	952/025/251	-	1,249,143	(957,372)	**291,771**
RIOOL - SSK24	952/024/0246	2,858		-	**2,858**
RIOOL - SSK28	952/024/0247	6,811		-	**6,811**
RIOOL - SANLAM	952/024/0250	420,652			**420,652**
RIOOL - DBSA	952/024/0251	727,818		(38,885)	**688,933**
HUISE MUN AMPTENARE	952/036/0362	(234,725)			**(234,725)**
PARKE - SANLAM	952/061/0612	1,008,406			**1,008,406**
ELEKTRISITEIT - SSK NO12	952/091/0901	-			**-**
ELEKTRISITEIT - SSK N18	952/091/0902	1,494,565		(81,275)	**1,413,290**
ELEKTRISITEIT - LENINGSFONDS	952/091/0904	19,097			**19,097**
ELEKTRISITEIT - SSK N23	952/091/0907	50,017			**50,017**
ELEKTRISITEIT - SANLAM	952/091/0911	493,330			**493,330**
ELEKTRISITEIT - SDR	952/091/0912	38,599			**38,599**
ELEKTRISITEIT - DBSA	952/091/0913	543,875		(18,145)	**525,730**
WATER - SSK17	952/092/0921	(24,279)		-	**(24,279)**
WATER - SANLAM	952/092/0928	248,831			**248,831**
WATER - SANLAM	952/092/0929	282,625			**282,625**
LEEUPOORT	952/094/0941	1,293,710		(120,839)	**1,172,871**
NORTHAM	952/095/0951	261,154		(10,965)	**250,189**
NORTHAM	952/097/0971	42,558		(27,965)	**14,593**
ELEKTRISITEIT - 6	952/976/0006	183,844			**183,844**
ELEKTRISITEIT - 8	952/976/0008	2,620,619			**2,620,619**
ELEKTRISITEIT - 6SBG	952/976/0066	826,537			**826,537**
PAVING DBSA 2006	952/023/0231	1,377,753	1,328,375		**2,706,128**
		17,741,920	**2,577,518**	**(1,459,530)**	**18,859,908**
CDF					**-**
ELEKTRISITEIT - NORTHAM	953/105/0001	1,808			**1,808**
ELEKTRISITEIT - LEEUPOORT	953/106/0001	11,567			**11,567**
ELEKTRISITEIT - LEEUPOORT	953/107/0001	65,241			**65,241**
		78,616	-	-	**78,616**
					-
TOWN PLANNING					**-**
DELGINGSFONDS INCA	DELGINGSFONDS INCA	-			**-**
		-	-	-	**-**
					-
TOTAL LOANS OUTSTANDING		**17,820,536**	**2,577,518**	**(1,459,530)**	**18,938,524**

APPENDIX C

ANALYSIS OF FIXED ASSETS 2007

Expenditure 2006	SERVICE	Budget 2006	Balance at 30-Jun-2006	Expenditure 2007	Written off Transferred or redeemed during year	Balance at 30-Jun-2007
R		R	R	R	R	R
12,920,227	**RATE AND GENERAL SERVICES**	14,328,000	79,746,351	20,151,762	**-**	**99,898,113**
11,028,661	**Community Services**	12,158,000	56,770,895	16,376,246	-	**73,147,141**
-	Community Services	950,000	1,634,910	-		**1,634,910**
-	Data Processing	-	33,314	-		**33,314**
-	Clinic		41,350	-		**41,350**
-	Public Health		14,067	-		**14,067**
-	Public Services		-			**-**
-	Council General Expenditure		435,851	400,000		**835,851**
145,329	Corporate Services	3,170,000	390,227	-		**390,227**
	Municipal Manager		80,253	-		**80,253**
-	Development and Planning	210,000	18,199	44,639		**62,838**
4,884,454	Technical Services	7,300,000	20,507,240	2,954,712		**23,461,952**
-	Building Control		435,792	-		**435,792**
805	Finance		236,362	-		**236,362**
-	Protection Services	-	277,023	604,305		**881,328**
-	Mechanical Workshop		2,220,569	1,249,143		**3,469,712**
4,273,324	Rooiberg	-	11,952,703	9,831,676		**21,784,379**
30,243	Leeupoort	378,000	3,356,467	35,300		**3,391,767**
1,599,913	Northam	150,000	15,041,975	1,256,471		**16,298,446**
94,593	Fire	-	94,593	-		**94,593**
-	**Subsidised Services**	-	3,140,800	-	-	**3,140,800**
	Library		37,756	-		**37,756**
-	Parks and Recreation	-	3,103,044	-		**3,103,044**
1,891,566	**Economic Services**	2,170,000	19,834,656	3,775,516	-	**23,610,172**
	Licensing		99,199	-		**99,199**
-	Stores	-	27,591	-		**27,591**
	Municipal Properties		14,031,711	150,600		**14,182,311**
	Municipal Houses		225,000			**225,000**
1,891,566	Sewerage	1,870,000	5,200,446	3,624,916		**8,825,362**
	Refuse	300,000	232,265	-		**232,265**
	Cemetery		18,444			**18,444**
2,901,123	**TRADING SERVICES**	7,293,000	44,547,990	-	-	**44,547,990**
2,332,237	Electricity	2,943,000	21,832,905	-		**21,832,905**
568,886	Water	4,350,000	22,715,085	-		**22,715,085**
15,821,350	**TOTAL FIXED ASSETS**	21,621,000	124,294,341	20,151,762	**-**	**144,446,103**
19,304,099	**LESS: CAPITAL REDEEMED AND OTHER CAPITAL RECEIPTS**	**22,268,314**	**112,098,135**	**17,665,731**	**-**	**129,763,866**
457,335	Loans redeemed and advances paid	540,314	15,500,553	1,460,923		**16,961,476**
4,164,422	Contribution ex operating income	5,330,000	9,686,961	3,035,174		**12,722,135**
14,682,342	Grants and subsidies	16,398,000	86,910,621	13,169,634	-	**100,080,255**
(3,482,749)	**NET FIXED ASSETS**	(647,314)	12,196,206	2,486,031	-	**14,682,237**

THABAZIMBI MUNICIPALITY

APPENDIX D

ANALYSIS OF OPERATING INCOME AND EXPENDITURE

FOR THE YEAR ENDED 30 JUNE 2007

Actual 2006		Actual 2007	Budget 2007
	INCOME		
	Government and Provincial grants and subsidies		
16,533,609	- Equitable shares	19,792,289	19,792,000
	Operating income		
17,550,170	- Assesment rates	18,994,022	19,432,995
17,183,411	- Sale of Electricity	18,854,194	17,960,949
10,424,926	- Sale of Water	12,286,554	12,079,587
20,282,278	- Other income	26,847,665	25,020,897
81,974,394		**96,774,724**	**94,286,428**
	EXPENDITURE		
25,664,144	Salaries, wages and allowances	32,633,597	3,890,383
	General expenses		
8,416,749	- Purchases of Electricity	9,614,826	8,912,841
6,233,900	- Purchases of Water	7,096,860	6,414,673
25,489,770	- Other general expenses	30,391,985	34,142,433
8,428,450	Repairs and maintenance	7,303,051	7,862,669
3,052,429	Capital charges	3,166,099	3,771,445
4,164,422	Contribution to fixed assets	3,221,096	3,867,450
7,149,640	Contributions	5,006,811	7,575,703
88,599,504	**Gross expenditure**	**98,434,325**	**76,437,597**
(8,541,711)	Less: Amounts charged out	(12,840,497)	(12,003,280)
80,057,793	**NET EXPENDITURE**	**85,593,828**	**64,434,317**

THABAZIMBI MUNICIPALITY

APPENDIX E

DETAILED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2007

2006 Actual Income	2006 Actual Expenditure	2006 Surplus (Deficit)		2007 Actual Income	2007 Actual Expenditure	2007 Surplus (Deficit)	2007 Budget Surplus (Deficit)
R	R	R		R	R	R	R
54,366,058	**53,616,922**	**749,136**	**RATE AND GENERAL SERVICES**	**66,357,210**	**60,988,880**	**5,368,330**	**(6,637,748)**
43,100,618	43,648,571	(547,953)	**Community Services**	51,496,452	48,493,516	3,002,936	(5,972,892)
-	-	-	Building Control	463,834	315,458	148,376	(111,059)
-	377,004	(377,004)	Data Processing	-	(159,424)	159,424	-
-	756,982	(756,982)	Clinic	-	594,482	(594,482)	-
17,550,170	-	17,550,170	Assessment rates	14,944,294	-	14,944,294	15,238,667
20,930	554,589	(533,659)	Public Health	-	483,454	(483,454)	-
21,957	6,294,548	(6,272,591)	Technical Services	50,872	6,452,937	(6,402,065)	(6,670,911)
16,690,942	16,175,758	515,184	Council General Expenditure	20,194,889	20,784,342	(589,453)	(3,790,727)
3,307	1,179,708	(1,176,401)	Corporate Services	2,390	(725,248)	727,638	757
-	329,348	(329,348)	Municipal Manager	-	(485,420)	485,420	1,672
1,781,302	2,551,035	(769,733)	Planning and Development	13,983	1,749,384	(1,735,401)	(2,731,511)
4,827,179	4,374,112	453,067	Finance	5,623,618	3,967,967	1,655,651	(107,154)
80,080	2,094,040	(2,013,960)	Protection Services	94,930	2,888,760	(2,793,830)	(3,416,293)
-	578,217	(578,217)	Mechanical Workshop	-	135,913	(135,913)	-
5,592	1,278,122	(1,272,530)	Community Services	7,150	1,667,816	(1,660,666)	(2,089,446)
			Fire	133,452	201,768	(68,316)	-
2,119,159	7,105,108	(4,985,949)	Other	9,967,040	10,621,327	(654,287)	(2,296,887)
181,918	**3,204,081**	**(3,022,163)**	**Subsidised Services**	**226,592**	**3,237,348**	**(3,010,756)**	**(3,144,332)**
129,342	233,155	(103,813)	Cemetery	152,047	178,083	(26,036)	(213,091)
36,273	292,208	(255,935)	Library	58,463	243,744	(185,281)	(260,450)
16,303	2,678,718	(2,662,415)	Parks and Recreation	16,082	2,815,521	(2,799,439)	(2,670,791)
11,083,522	**6,764,270**	**4,319,252**	**Economic Services**	**14,634,166**	**9,258,016**	**5,376,150**	**2,479,476**
2,876,852	1,954,503	922,349	Licensing	3,610,350	2,270,056	1,340,294	(605,577)
4,747	(347,120)	351,867	Stores	364	(204,281)	204,645	-
350,338	599,188	(248,850)	Municipal Properties	1,083,337	798,011	285,326	(297,803)
4,528,659	1,721,590	2,807,069	Sewerage	5,040,342	3,290,333	1,750,009	2,641,650
3,322,926	2,836,109	486,817	Refuse	4,899,773	3,103,897	1,795,876	741,206
27,608,337	**26,440,873**	**1,167,464**	**TRADING SERVICES**	**30,417,514**	**24,604,948**	**5,812,566**	**6,927,074**
17,183,411	15,497,325	1,686,086	Electricity	20,021,877	14,684,244	5,337,633	6,044,867
10,424,926	10,943,548	(518,622)	Water	10,395,637	9,920,704	474,933	882,207
81,974,395	**80,057,795**	**1,916,600**	**TOTAL**	**96,774,724**	**85,593,828**	**11,180,896**	**289,326**
		(13,725,055)	Appropriation, for the year (refer to note 17)			**4,241,822**	
		(11,808,455)	**Net surplus / (deficit) for the year**			**11,180,897**	
			Stores Operating Capital			-	
		15,341,408	Accumulated surplus / (deficit) beginning of the year			**3,336,173**	
			Contribution to stores operating capital				
		3,532,954	**Retained surplus / (deficit) at end of the year**			**18,758,892**	

THABAZIMBI MUNICIPALITY

FINANCIAL STATEMENTS

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APPENDIX F
GENERAL STATISTICS

	2007	2006
Population	**70,532**	**72,311**
Number of registered votes		
Area (km2)	**-**	**-**
Total valuations:		
- Taxable	**30,061,251**	**40,919,800**
- Non Taxable	**9,357,605**	**608,900**
- Residential	**107,078,700**	**49,080,200**
- Commercial	**40,254,200**	**39,783,200**
Number of properties		
- Residential	**9,584**	**-**
- Commercial	**282**	**-**
- Other	**-**	**-**
Number of employees	**229**	**208**
Electricity		
Units (kWh) Purchased (R)	**39,738,095**	**49,057,510**
Units (kWh) Sold (R)	**34,973,268**	**65,612,905**
Units (kWh) lost through distribution (R)	**4,764,827**	**16,555,395**
Percentage lost through distribution	**13.62%**	**25.23%**
Water		
Kl purchased (R)	**7,096,862**	**3,405,095**
Units (Kl) Sold ® (Rand)	**13,088,125**	**5,737,282**
	-	**2,332,187**
Percentage lost through distribution	**11.00%**	**40.65%**

THABAZIMBI MUNICIPALITY

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THABAZIMBI MUNICIPALITY

GENERAL INFORMATION

MEMBERS OF THE EXECUTIVE COMMITTEE

Chairperson	Councillor NL Matlou (Mayor)
Member	Councillor IN Keyser
Member	Councillor PA Mosito
Member	Councillor S Mataboge

MEMBERS OF THE COUNCIL

Councillor

NL Matlou (Mayor)

ME Hlalele (Speaker)

AS Khumalo
RA Ramogale
G Modise
S Matsietsa
SM Semaswe
RC du Preez
M Mokonyane
MA Makola
PA Scruton
T Mkansi
EN Ntantiso
D Musi
M Pilane
V Machine
S Manala

GRADING OF LOCAL AUTHORITY

Grade 3 Local Authority

AUDITORS

Office of Auditor-General

BANKERS

ABSA - Thabazimbi

REGISTERED OFFICE

7 Rietbok Street, Thabazimbi 0380
Private Bag X530, Thabazimbi 0380

Tel: (014) 777 1525
Fax: (014) 777 1531

MUNICIPAL MANAGER

TSR NKHUMISE

THABAZIMBI MUNICIPALITY

GENERAL INFORMATION - continued

CHIEF FINANCIAL OFFICER

DM MOYO

BComm - Accounting

APPROVAL OF FINANCIAL STATEMENTS

The financial statements for the year ended 30 June 2007 were approved by the Municipal Manager on 30 August 2007.

TSR NKHUMISE	**DM MOYO**
MUNICIPAL MANAGER	**Chief Financial Officer**

THABAZIMBI MUNICIPALITY

FORWARD 2006/2007

Thabazimbi Local Municipality has managed to draw and submit a financial statement that accounts for the responsibilities of the Municipality and the implementation of Council's programs and projects as contained in the IDP and Budget of the Financial year 2006/2007.

However, it is to be noted that quiet a number of policy requirements for effective financial management process were not yet in place to ensure smooth, accountable and effective financial management and legislative compliance.

Therefore this financial statmenet is a significant improvement on the part of the Municipality towards sound and accountable financial management of the resources on behalf of our people, although it will still have some short comings due to the issues mentioned in th above paragraph.

It is worth noting that the employment of senior officials at Section 57 level in line with the Municipal Systems Act (Act 117 of 1998) has seen tremendous improvement on policy formulation and adoption in addition to the contribution of Siyenza Manje Project through Project Consolidate.

A number of policies such as Supply Chain Management, Credit Control and numerous HR policies have been adopted and 32 by-laws are in a draft stage which will help in the management and control of the Municipal Resources to realize the vision of effective, economic and efficient service to the people.

The sound relationship between the Political leadership and the Administration also create an atmosphere for improvement and focus on the relevant issued.

However, there are still challenges facing the Municipality especially the transformation of the Finance department to be aligned with its responsibility for compliance and management purposes. The filling of critical posts in this department has already started to speedily address these short comings.

Revenue collection has also proven to be a serious challenge which has never received the attention it deserves and therefore the Municipality with the assistance of the Department of Local Government and Housing are developing a Revenue Enhancement Strategy to ensure sustainable service delivery.

Council oversight role has also improved through the timeous submission of financial monthly and quarterly reports. The appointment and resuscitation of the internal audit function will also go a long way in improving financial viability and accountability.

To enhance compliance in the new financial year the Municipality has approved SDBIP's and signed performance agreements with all Section 57 Managers to be reviewed on a quarterly basis.

It is my firm believe that all these measures and others not mentioned here will go a long way in making sure that the Municipality will produce qualitative financial statements that are compliant with the legislative provisions.

THABAZIMBI MUNICIPALITY

INTRODUCTION OF MUNICIPAL MANAGER

Section 92 of the Municipal Finance Management Act 156 of 2003. stipulates as follows:

"92 The Auditor General must audit and report on the accounts, financial statements and financial management of each Municipal Entity.

The Local Gevernment : Municipal Finance Management Act, 2003 - Section 166(1) requires that each Municipality and Municipal Entity must have an Audit Committee. The Audit Committee was constituted by Council. Unfortunately it was non-functional until it was officially disbanded. This poses a very serious treat to the Municipality because it was suppose to advice Council, on the following, just to mention a few, internal financial management, accounting policies, the adequacy, reliability and accuracy of financial reporting and information and Performance Management System".

Section 126 of the Municipal Finance Management Act No 56 of 2003 stipulate as follows:

126(1) The Accounting Officer of a Municipality

(a) must prepare the annual financial statements of the municipality and within two (2) months after the end of financial year to which those statements relate, submit the statements to the Auditor General for auditing, and

(b) must in addition, in the case of a municipality referred to in Section 122(2), prepare consolidated annual financial statements in terms of that section, and within three (3) months after the end of the financial year to which those statements relate, submit the statements to the Auditor General for auditing.

The unaudited financial statements for the financial year 2006/2007 are hereby submitted for auditing by the Auditor General's office.

The Municipality is facing a very serious challenge in terms of operating without an Audit Committee but we are already in the process of finalizing the appointment of the new Audit Committee.

One has to admit that this has been a challenging financial issue for the Municipality in particular the financial controls. We are also preparing ourselves to be GRAP compliant in terms of compiling our Financial Statements for the next financial year.

Let me just take this opportunity to thank the Personnel in the Budget and Treasury Department under the leadership of the Chief Financial Officer in particular the Manager in the Office of the Chief Financial Officer and the Divisional Head - Expenditure.

In conclusion - I want to indicate that there is always a room for improvement.

Thanking you.

TSR NKHUMISE
MUNICIPAL MANAGER

THABAZIMBI MUNICIPALITY

REPORT OF THE AUDITOR-GENERAL

THABAZIMBI MUNICIPALITY

BALANCE SHEET

30 JUNE 2007

	NOTE	2007 R	2006 R
CAPITAL EMPLOYED			
FUNDS AND RESERVES		**7,970,108**	19,126,462
Statutory funds	**1**	**7,970,108**	18,783,031
Reserves	**2**	**-**	343,431
RETAINED SURPLUS	**17**	**18,758,892**	3,336,173
TRUST FUNDS	**3**	**-**	(40,673)
LONG-TERM LIABILITIES	**3**	**18,938,524**	17,820,537
CONSUMER DEPOSITS	**4**	**2,623,983**	2,378,974
		48,291,507	42,621,473
EMPLOYMENT OF CAPITAL			
FIXED ASSETS	**5**	**14,682,237**	12,196,206
INVESTMENTS	**6**	**22,831,417**	23,189,377
LONG-TERM DEBTORS	**7**	**274,298**	586,927
		37,787,952	35,972,510
NET CURRENT ASSETS / LIABILITIES		10,503,555	6,648,963
CURRENT ASSETS		30,964,871	26,363,261
Inventory	**8**	**1,458,530**	1,727,805
Debtors	**9**	**27,375,302**	22,236,243
Debtors: short-term portion		**100,553**	294,638
Investments: short-term portion		**-**	-
Cash	**22**	**22,430**	22,430
Suspense		**2,008,056**	2,082,145
CURRENT LIABILITIES		**20,461,316**	19,714,298
Provisions	**11**	**3,904,311**	3,334,234
Creditors	**12**	**7,990,800**	8,810,443
Loans: short-term portion		**-**	-
Bank overdraft	**22**	**8,566,205**	7,569,621
		48,291,507	42,621,473

TSR NKHUMISE
Municipal Manager

DM MOYO
Chief Financial Officer

THABAZIMBI MUNICIPALITY

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2007

2006 Actual Income R	2006 Actual Expenditure R	2006 Surplus (Deficit) R	2006 Budget Surplus (Deficit) R		2007 Actual Income R	2007 Actual Expenditure R	2007 Surplus (Deficit) R	2007 Budget Surplus (Deficit) R
				RATE AND GENERAL SERVICES				
54,366,058	53,616,922	749,136	(3,193,135)		**66,357,210**	**60,988,880**	**5,368,330**	**(6,637,748)**
43,100,618	43,648,571	(547,953)	(2,991,347)	Community services	51,496,452	48,493,516	3,002,936	(5,972,892)
181,918	3,204,081	(3,022,163)	(2,788,818)	Subsidised services	226,592	3,237,348	(3,010,756)	(3,144,332)
11,083,522	6,764,270	4,319,252	2,587,030	Economic services	14,634,166	9,258,016	5,376,150	2,479,476
27,608,337	26,440,873	1,167,464	1,028,431	**TRADING SERVICES**	**30,417,514**	**24,604,948**	**5,812,566**	**6,927,074**
81,974,395	80,057,795	1,916,600	(2,164,704)	**TOTAL**	**96,774,724**	**85,593,828**	**11,180,896**	**289,326**
		(13,725,055)		Appropriation, for the year (refer to note 17)			4,241,822	
		(11,808,455)		**Net surplus / (deficit) for the year**			11,180,897	
		15,341,408		Accumulated surplus / (deficit) beginning of the year			3,336,173	
		3,532,953		**Accumulated surplus / (deficit) at end of the year**			**18,758,892**	

(Refer to appendix D and E for more detail)

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2007

	NOTE	2007 R	2006 R
CASH RETAINED FROM OPERATING ACTIVITIES:		**20,853,954**	(16,973,625)
Cash generated by operations	**18**	**38,404,638**	2,512,613
Investment income		**1,112,149**	454,084
(Increase) / decrease in working capital	**19**	**(4,050,141)**	(15,346,917)
Less: External interest paid	**16**	**(2,538,886)**	(1,436,997)
Cash availible from operations		**32,927,760**	(13,817,217)
Cash contributions from public and state		**(12,073,806)**	(3,156,408)
Nett proceeds on disposal of assets			
CASH UTILISED IN INVESTING ACTIVITIES:			
Investment in fixed assets		**(20,151,762)**	11,135,814
NETT CASH FLOW		**702,192**	(5,837,811)
CASH EFFECTS OF FINANCING ACTIVITIES:			
Increase / (decrease) in Long-term loans	**20**	**523,117**	457,336
Increase / (decrease) in Short-term loans	**3**	**1,117,988**	(1,169,347)
(Increase) / decrease in cash investments	**21**	**(938,913)**	6,506,962
(Increase) / decrease in cash	**22**	**-**	42,860
Nett cash (generated) / utilised		**702,192**	5,837,811

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2007

		2007 R	2006 R
1.	**STATUTORY FUNDS**		
	Capital Development Fund	**-**	8,605,433
	Loan Redemption Fund	**7,533,044**	6,952,091
	Insurance Fund	**437,064**	781,970
	Land Trust Fund	**-**	2,060,099
	Endowment - Parks and open spaces	**-**	4,099
	Loans funds - Bursaries	**-**	103,491
	Land Development Suspense Account	**-**	2,082,146
		7,970,108	20,589,329
2.	**RESERVES**		
	Refuse Removal Scheme	**-**	(22,009)
	Parking Areas	**-**	342,821
	Northam Radio Fund	**-**	24,356
	Furniture and Equipment	**-**	-
	Buildings	**-**	(3,836)
	Roads	**-**	-
	Vehicles	**-**	2,100
	Provision Capital Costs		275,848
		-	619,280
3.	**LONG TERM LIABILITIES**		
	Local Registered Stock	**18,859,908**	17,741,920
	Annuity Loans	**78,616**	78,616
	Vehicle Hire Purchase	**-**	-
	Government Loans		
	Less: Current portion transferred to current liabilities		
		18,938,524	17,820,536

(Refer to appendix B for more detail on long term liabilities)

LOCAL REGISTERED STOCK
Bear interest at rates between 13.3% and 17% per annum and are repayable before the year ended 200

ANNUITY LOANS
Bear interest at rates between 5% and 17.2% per annum and are repayable before the year ended 201
Refer to Appendix B and Section 4 of the Treasurer's report.
Note: None of these loans are insured by any of the Municipality's assets

4.	**CONSUMER DEPOSITS - SERVICES**		
	Electricity and Water	**2,623,983**	2,378,974
	Guarantees in lieu of electricity and water deposits	**2,623,983**	**2,378,974**
5.	**FIXED ASSETS**		
	Fixed assets at the beginning of the year	**12,196,206**	124,529,541
	Capital expenditure during the year	**20,151,762**	(235,200)
	Less: Assets written off, transferred or disposed during the yea		-
	Total Fixed Assets	**32,347,968**	124,294,341
	Less: Loans redeemed and other capital receipts	**(17,665,731)**	(112,098,135)
			-
	Net Fixed Assets	**14,682,237**	12,196,206

(Refer to appendix C and Section 3 of the Treasurer's Report for further details on fixed assets

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2007

		2007 R	2006 R
6.	**INVESTMENTS**		
	Unlisted	**-**	-
	Paid-up Sanlam policies	**7,533,044**	6,952,091
	Investment	**15,298,373**	16,237,286
	Total Investments	**22,831,417**	23,189,377
7.	**LONG TERM DEBTORS**		
	Loans	**-**	586,927
	Vehicles	**139,242**	-
	Study Loans	**-**	-
	Sale of Stands	**135,056**	-
	Less: Short-term portion transferred to Current debtors	**-**	-
		274,298	586,927
8.	**INVENTORY**		
	Inventory represents consumable stores, raw materials	**1,458,530**	1,727,805
9.	**DEBTORS**		
	Current debtors (consumer and other)	**44,192,845**	37,045,185
	Amounts paid in advance	**270,259**	(1,693,711)
		44,463,104	35,351,474
	Less: Provision for doubtful debts	**(16,716,992)**	(12,820,591)
		27,746,112	22,530,883
10.	**CASH/BANK OVERDRAFT**		
	Primary account	**-**	-
	PHP account	**(304,055)**	-
	Bank	**8,870,260**	-
	Petty Cash	**(22,430)**	-
		8,543,775	-
11.	**PROVISIONS**		-
	Leave pay provision	**3,904,311**	3,334,234
12.	**CREDITORS**		
	Trade creditors	**7,626,402**	7,640,988
	Audit fee provision	**62,073**	(551,624)
	Other deposits	**32,066**	27,368
	Amounts received in advance	**270,259**	1,693,711
		7,990,800	8,810,443

13. ASSESSMENT RATES

	Site valuations as at 30/6/07	**Actual income 2006/2007**	Actual income 2005/2006
Residential	107,078,700	**9,841,925**	7,701,488
Commercial	40,254,200	**8,257,515**	4,423,262
State	2,053,251	**255,678**	240,944
Agriculture	28,008,000	**319,854**	5,887,595
Municipal	9,353,305	**-**	
Other	4,300	**-**	
	186,751,756	**18,674,972**	18,253,289

Valuations on land are performed every four years and the last general valuation came into effect 1 July 2003

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2007

		2007 R	2006 R
14.	**COUNCILOR'S REMUNERATION**		
	Mayor's Allowance	**434,693**	411,057
	Speaker	**191,254**	180,865
	Councilors' Allowance	**2,147,359**	1,849,755
	Executive Committee Allowances	**1,119,332**	647,415
	Councilors' Pension Contributions	**290,676**	-
		4,183,314	3,089,092
	SALARIES ALLOWANCES AND BENEFITS MANAGEMENT		
	Municipal Manager	**656,277**	
	Chief Financial Officer	**489,541**	
	Social Services Manager	**475,260**	
	Economic Development and Planning (vacant)	**557,675**	
	Technical Manager (vacant)	**677,123**	
		2,855,876	
	Arrears on rates and services for longer than 90 days		
	Councillor M PILANE R15 097.91		
	Disclosure MFMA Chapter 12 Section 124		
	Concerning councillors, director and officials		
	No entities are concerned		
15.	**AUDITORS' REMUNERATION**		
	Audit Fees		
	- Current Year	**735,568**	601,650
	- Underprovision prior year		
		735,568	601,650
16.	**FINANCE TRANSACTIONS**		
	Total external interest earned or paid:		
	Interest earned	**1,112,149**	454,084
	Interest paid	**2,538,886**	1,436,997
	Capital charges debited to operating account		
	Interest:	**(2,538,886)**	1,436,997
	- External	**(2,538,886)**	1,436,997
	- Internal	**-**	
	Redemption	**523,117**	457,334
	- External	**523,117**	457,334
	- Internal	**-**	
		(2,015,769)	2,348,415
17.	**APPROPRIATIONS**		
	APPROPRIATION ACCOUNT		
	Accumulated surplus at beginning of year	**3,336,173**	15,341,408
	Operating (deficit)/surplus for the year	**11,180,897**	1,916,600
	Appropriations for the year	**4,241,822**	(13,528,275)
	Accumulated surplus at end of year	**18,758,892**	3,336,173
	OPERATING ACCOUNT		
	Capital expenditure		-
	Contributions to:		-
	Provision : Doubtful debt	**4,042,883**	6,091,242
	Provision : Leave	**784,222**	1,146,598
	Inter Govermental Grant	**-**	2,523,494
	Assets	**-**	
	Creditors	**-**	
	Adj: Debtors / Creditors	**4,241,822**	-
		-	
		9,068,927	9,761,334

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2007

	2007 R	2006 R
18. CASH GENERATED BY OPERATIONS		
(Deficit)/Surplus for the year	**11,180,897**	1,916,600
Adjustments in respect of:		
Previous years' operating transactions	**4,241,822**	(13,725,055)
Appropriations charged against income:	**8,398,127**	11,919,308
- Capital Development Fund	**-**	
- Loans redemption Fund	**580,953**	517,046
- Reserve Working Capital	**4,042,883**	6,091,242
- Accrued leave	**-**	1,146,598
- Gratuity Fund	**-**	-
- Town Planning Fund	**-**	
- Community Facilities Fund	**-**	
- Insurance Fund	**553,195**	
- Provisions and Reserves	**-**	-
- Fixed Assets	**3,221,096**	4,164,422
Capital Charges:	**3,062,003**	1,924,359
Interest paid		
- to internal funds	**-**	30,028
- on external funds	**2,538,886**	1,436,997
Redemption		
- of internal advances		
- of external loans	**523,117**	457,334
Investment income (operating account)	**1,112,149**	(454,084)
Grants and Subsidies (operating account)	**22,215,717**	
Non-operating income / (expenditure)		
Statutory Funds	**(11,671,225)**	(737,055)
Reserves	**(645,125)**	(215,113)
Trust funds	**(42,922)**	(518,438)
Provisions	**553,195**	1,146,598
	38,404,638	2,512,613
19. (INCREASE)/DECREASE IN WORKING CAPITAL		
(Increase)/Decrease in inventory	**269,275**	(599,358)
(Increase)/Decrease in debtors	**(5,139,059)**	11,479,247
(Increase)/Decrease in creditors	**819,643**	4,467,028
	(4,050,141)	15,346,917
20. (INCREASE)/DECREASE IN LONG-TERM LOANS (External)		
Loans raised	**-**	
Loans repaid	**523,117**	457,336
	523,117	457,336
21. (INCREASE)/DECREASE IN CASH INVESTMENTS (External)		
Investments realised	**(938,913)**	6,506,962
Investments made	**-**	-
	(938,913)	6,506,962
22. (INCREASE)/DECREASE IN CASH ON HAND		
Cash balance at beginning of year	**22,430**	-
Less: Cash Balance at end of year	**(22,430)**	-
	-	-

23 Other compulsory disclosures

No entities are concerned

No contributions to organised local government were made

No outstanding amounts at the end of the financial year

Total amounts paid:

Audit Fees	**735,538**
Taxes	**3,589,172**
Levies	**0**
Duties	**0**
Pension	**3,439,509**
Medical Aid	**1,152,566**

No outstanding amounts at the end of the financial year

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2007

	2007 R	2006 R
Fruitless and wastefull expenditure		
Prepaid meters Rooiberg	**120,000**	
MV/LV Network Thabazimbi	**1,680,755**	
Bulk Water Rooiberg (Pipes) (Recovered by retention monies)	**469,122**	
	2,269,877	
Unauthorised expenditure		
Operating budget	**4,577,684**	
Services Regorogile Ext 6 & 7 Water and Sewer	**4,443,731**	
Civic Centre	**150,600**	
	9,172,015	

A committee was appointed by Council to investigate fruitless, wastefull and unauthorised expenditure but the outcome is stil pending. No criminal or disciplinary steps were taken at this stage. No material losses were recovered or written off except the pipes on the Bulk Water at Rooiberg.

THABAZIMBI MUNICIPALITY

APPENDIX A

STATUTORY FUNDS, TRUST FUNDS, RESERVES AND PROVISIONS 2007

	Balance at 30-Jun-2006 R	Contributions during the year R	Interest on investments R	Other income R	Expenditure during the year R	Balance at 30-Jun-2007 R
STATUTORY FUNDS						
Capital Development fund	8,605,433				(8,605,433)	**-**
Loan Redemption Fund	6,952,091			580,953		**7,533,044**
Insurance fund	781,971			553,195	(898,103)	**437,063**
Land Trust fund	2,060,099			-	(2,060,099)	**-**
Endowment - Parks	4,099				(4,099)	**-**
Loans funds - Bursaries	103,491				(103,491)	**-**
Land Development Suspense	-			-	-	**-**
	18,507,184	-	-	1,134,148	(11,671,225)	**7,970,107**
TRUST FUNDS						
Equitable Share	-					**-**
Cemetery	-					**-**
Refuse Dumping Site	42,922				(42,922)	**-**
Water Supply / Sewerage	(83,595)			83,595	-	**-**
	(40,673)	-	-	83,595	(42,922)	**-**
RESERVES						
Refuse Removal Scheme	(22,009)			22,009		**-**
Parking Areas	342,821				(342,821)	**-**
Northam Radio Fund	24,356				(24,356)	**-**
Provision Capital Costs	275,848				(275,848)	**-**
Buildings	(3,836)			3,836	-	**-**
Roads	-					**-**
Vehicles	2,100				(2,100)	**-**
	619,280	-	-	25,845	(645,125)	**-**

APPENDIX B

EXTERNAL LOANS AND INTERNAL ADVANCES 2007

		Balance at 30-Jun-2006 R	Received during the year R	Expenditure during the year R	Balance at 30-Jun-2007 R
OPENBARE WERKE - SANLAM	952/023/0234	115,156			**115,156**
OPENBARE WERKE - DBSA	952/023/0236	5,702,991		(196,106)	**5,506,885**
OPENBARE WERKE - DBSA	952/023/0237	239,118		(7,978)	**231,140**
VEHICLE LEASE ABSA	952/025/251	-	1,249,143	(957,372)	**291,771**
RIOOL - SSK24	952/024/0246	2,858		-	**2,858**
RIOOL - SSK28	952/024/0247	6,811		-	**6,811**
RIOOL - SANLAM	952/024/0250	420,652			**420,652**
RIOOL - DBSA	952/024/0251	727,818		(38,885)	**688,933**
HUISE MUN AMPTENARE	952/036/0362	(234,725)			**(234,725)**
PARKE - SANLAM	952/061/0612	1,008,406			**1,008,406**
ELEKTRISITEIT - SSK NO12	952/091/0901	-			**-**
ELEKTRISITEIT - SSK N18	952/091/0902	1,494,565		(81,275)	**1,413,290**
ELEKTRISITEIT - LENINGSFONDS	952/091/0904	19,097			**19,097**
ELEKTRISITEIT - SSK N23	952/091/0907	50,017			**50,017**
ELEKTRISITEIT - SANLAM	952/091/0911	493,330			**493,330**
ELEKTRISITEIT - SDR	952/091/0912	38,599			**38,599**
ELEKTRISITEIT - DBSA	952/091/0913	543,875		(18,145)	**525,730**
WATER - SSK17	952/092/0921	(24,279)		-	**(24,279)**
WATER - SANLAM	952/092/0928	248,831			**248,831**
WATER - SANLAM	952/092/0929	282,625			**282,625**
LEEUPOORT	952/094/0941	1,293,710		(120,839)	**1,172,871**
NORTHAM	952/095/0951	261,154		(10,965)	**250,189**
NORTHAM	952/097/0971	42,558		(27,965)	**14,593**
ELEKTRISITEIT - 6	952/976/0006	183,844			**183,844**
ELEKTRISITEIT - 8	952/976/0008	2,620,619			**2,620,619**
ELEKTRISITEIT - 6SBG	952/976/0066	826,537			**826,537**
PAVING DBSA 2006	952/023/0231	1,377,753	1,328,375		**2,706,128**
		17,741,920	**2,577,518**	**(1,459,530)**	**18,859,908**
CDF					**-**
ELEKTRISITEIT - NORTHAM	953/105/0001	1,808			**1,808**
ELEKTRISITEIT - LEEUPOORT	953/106/0001	11,567			**11,567**
ELEKTRISITEIT - LEEUPOORT	953/107/0001	65,241			**65,241**
		78,616	-	-	**78,616**
					-
TOWN PLANNING					**-**
DELGINGSFONDS INCA	DELGINGSFONDS INCA	-			**-**
		-	-	-	**-**
					-
TOTAL LOANS OUTSTANDING		**17,820,536**	**2,577,518**	**(1,459,530)**	**18,938,524**

APPENDIX C

ANALYSIS OF FIXED ASSETS 2007

Expenditure 2006	SERVICE	Budget 2006	Balance at 30-Jun-2006	Expenditure 2007	Written off Transferred or redeemed during year	Balance at 30-Jun-2007
R		R	R	R	R	R
12,920,227	**RATE AND GENERAL SERVICES**	14,328,000	79,746,351	20,151,762	**-**	**99,898,113**
11,028,661	**Community Services**	12,158,000	56,770,895	16,376,246	-	**73,147,141**
-	Community Services	950,000	1,634,910	-		**1,634,910**
-	Data Processing	-	33,314	-		**33,314**
-	Clinic		41,350	-		**41,350**
-	Public Health		14,067	-		**14,067**
-	Public Services		-			**-**
-	Council General Expenditure		435,851	400,000		**835,851**
145,329	Corporate Services	3,170,000	390,227	-		**390,227**
	Municipal Manager		80,253	-		**80,253**
-	Development and Planning	210,000	18,199	44,639		**62,838**
4,884,454	Technical Services	7,300,000	20,507,240	2,954,712		**23,461,952**
-	Building Control		435,792	-		**435,792**
805	Finance		236,362	-		**236,362**
-	Protection Services	-	277,023	604,305		**881,328**
-	Mechanical Workshop		2,220,569	1,249,143		**3,469,712**
4,273,324	Rooiberg	-	11,952,703	9,831,676		**21,784,379**
30,243	Leeupoort	378,000	3,356,467	35,300		**3,391,767**
1,599,913	Northam	150,000	15,041,975	1,256,471		**16,298,446**
94,593	Fire	-	94,593	-		**94,593**
-	**Subsidised Services**	-	3,140,800	-	-	**3,140,800**
	Library		37,756	-		**37,756**
-	Parks and Recreation	-	3,103,044	-		**3,103,044**
1,891,566	**Economic Services**	2,170,000	19,834,656	3,775,516	-	**23,610,172**
	Licensing		99,199	-		**99,199**
-	Stores	-	27,591	-		**27,591**
	Municipal Properties		14,031,711	150,600		**14,182,311**
	Municipal Houses		225,000			**225,000**
1,891,566	Sewerage	1,870,000	5,200,446	3,624,916		**8,825,362**
	Refuse	300,000	232,265	-		**232,265**
	Cemetery		18,444			**18,444**
2,901,123	**TRADING SERVICES**	7,293,000	44,547,990	-	-	**44,547,990**
2,332,237	Electricity	2,943,000	21,832,905	-		**21,832,905**
568,886	Water	4,350,000	22,715,085	-		**22,715,085**
15,821,350	**TOTAL FIXED ASSETS**	21,621,000	124,294,341	20,151,762	**-**	**144,446,103**
19,304,099	**LESS: CAPITAL REDEEMED AND OTHER CAPITAL RECEIPTS**	**22,268,314**	**112,098,135**	**17,665,731**	**-**	**129,763,866**
457,335	Loans redeemed and advances paid	540,314	15,500,553	1,460,923		**16,961,476**
4,164,422	Contribution ex operating income	5,330,000	9,686,961	3,035,174		**12,722,135**
14,682,342	Grants and subsidies	16,398,000	86,910,621	13,169,634	-	**100,080,255**
(3,482,749)	**NET FIXED ASSETS**	(647,314)	12,196,206	2,486,031	-	**14,682,237**

THABAZIMBI MUNICIPALITY

APPENDIX D

ANALYSIS OF OPERATING INCOME AND EXPENDITURE

FOR THE YEAR ENDED 30 JUNE 2007

Actual 2006		Actual 2007	Budget 2007
	INCOME		
	Government and Provincial grants and subsidies		
16,533,609	- Equitable shares	19,792,289	19,792,000
	Operating income		
17,550,170	- Assesment rates	18,994,022	19,432,995
17,183,411	- Sale of Electricity	18,854,194	17,960,949
10,424,926	- Sale of Water	12,286,554	12,079,587
20,282,278	- Other income	26,847,665	25,020,897
81,974,394		**96,774,724**	**94,286,428**
	EXPENDITURE		
25,664,144	Salaries, wages and allowances	32,633,597	3,890,383
	General expenses		
8,416,749	- Purchases of Electricity	9,614,826	8,912,841
6,233,900	- Purchases of Water	7,096,860	6,414,673
25,489,770	- Other general expenses	30,391,985	34,142,433
8,428,450	Repairs and maintenance	7,303,051	7,862,669
3,052,429	Capital charges	3,166,099	3,771,445
4,164,422	Contribution to fixed assets	3,221,096	3,867,450
7,149,640	Contributions	5,006,811	7,575,703
88,599,504	**Gross expenditure**	**98,434,325**	**76,437,597**
(8,541,711)	Less: Amounts charged out	(12,840,497)	(12,003,280)
80,057,793	**NET EXPENDITURE**	**85,593,828**	**64,434,317**

THABAZIMBI MUNICIPALITY

APPENDIX E

DETAILED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2007

2006 Actual Income	2006 Actual Expenditure	2006 Surplus (Deficit)		2007 Actual Income	2007 Actual Expenditure	2007 Surplus (Deficit)	2007 Budget Surplus (Deficit)
R	R	R		R	R	R	R
54,366,058	**53,616,922**	**749,136**	**RATE AND GENERAL SERVICES**	**66,357,210**	**60,988,880**	**5,368,330**	**(6,637,748)**
43,100,618	43,648,571	(547,953)	**Community Services**	51,496,452	48,493,516	3,002,936	(5,972,892)
-	-	-	Building Control	463,834	315,458	148,376	(111,059)
-	377,004	(377,004)	Data Processing	-	(159,424)	159,424	-
-	756,982	(756,982)	Clinic	-	594,482	(594,482)	-
17,550,170	-	17,550,170	Assessment rates	14,944,294	-	14,944,294	15,238,667
20,930	554,589	(533,659)	Public Health	-	483,454	(483,454)	-
21,957	6,294,548	(6,272,591)	Technical Services	50,872	6,452,937	(6,402,065)	(6,670,911)
16,690,942	16,175,758	515,184	Council General Expenditure	20,194,889	20,784,342	(589,453)	(3,790,727)
3,307	1,179,708	(1,176,401)	Corporate Services	2,390	(725,248)	727,638	757
-	329,348	(329,348)	Municipal Manager	-	(485,420)	485,420	1,672
1,781,302	2,551,035	(769,733)	Planning and Development	13,983	1,749,384	(1,735,401)	(2,731,511)
4,827,179	4,374,112	453,067	Finance	5,623,618	3,967,967	1,655,651	(107,154)
80,080	2,094,040	(2,013,960)	Protection Services	94,930	2,888,760	(2,793,830)	(3,416,293)
-	578,217	(578,217)	Mechanical Workshop	-	135,913	(135,913)	-
5,592	1,278,122	(1,272,530)	Community Services	7,150	1,667,816	(1,660,666)	(2,089,446)
			Fire	133,452	201,768	(68,316)	-
2,119,159	7,105,108	(4,985,949)	Other	9,967,040	10,621,327	(654,287)	(2,296,887)
181,918	**3,204,081**	**(3,022,163)**	**Subsidised Services**	**226,592**	**3,237,348**	**(3,010,756)**	**(3,144,332)**
129,342	233,155	(103,813)	Cemetery	152,047	178,083	(26,036)	(213,091)
36,273	292,208	(255,935)	Library	58,463	243,744	(185,281)	(260,450)
16,303	2,678,718	(2,662,415)	Parks and Recreation	16,082	2,815,521	(2,799,439)	(2,670,791)
11,083,522	**6,764,270**	**4,319,252**	**Economic Services**	**14,634,166**	**9,258,016**	**5,376,150**	**2,479,476**
2,876,852	1,954,503	922,349	Licensing	3,610,350	2,270,056	1,340,294	(605,577)
4,747	(347,120)	351,867	Stores	364	(204,281)	204,645	-
350,338	599,188	(248,850)	Municipal Properties	1,083,337	798,011	285,326	(297,803)
4,528,659	1,721,590	2,807,069	Sewerage	5,040,342	3,290,333	1,750,009	2,641,650
3,322,926	2,836,109	486,817	Refuse	4,899,773	3,103,897	1,795,876	741,206
27,608,337	**26,440,873**	**1,167,464**	**TRADING SERVICES**	**30,417,514**	**24,604,948**	**5,812,566**	**6,927,074**
17,183,411	15,497,325	1,686,086	Electricity	20,021,877	14,684,244	5,337,633	6,044,867
10,424,926	10,943,548	(518,622)	Water	10,395,637	9,920,704	474,933	882,207
81,974,395	**80,057,795**	**1,916,600**	**TOTAL**	**96,774,724**	**85,593,828**	**11,180,896**	**289,326**
		(13,725,055)	Appropriation, for the year (refer to note 17)			**4,241,822**	
		(11,808,455)	**Net surplus / (deficit) for the year**			**11,180,897**	
			Stores Operating Capital			-	
		15,341,408	Accumulated surplus / (deficit) beginning of the year			**3,336,173**	
			Contribution to stores operating capital				
		3,532,954	**Retained surplus / (deficit) at end of the year**			**18,758,892**	

THABAZIMBI MUNICIPALITY

FINANCIAL STATEMENTS

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APPENDIX F
GENERAL STATISTICS

	2007	2006
Population	**70,532**	**72,311**
Number of registered votes		
Area (km2)	**-**	**-**
Total valuations:		
- Taxable	**30,061,251**	**40,919,800**
- Non Taxable	**9,357,605**	**608,900**
- Residential	**107,078,700**	**49,080,200**
- Commercial	**40,254,200**	**39,783,200**
Number of properties		
- Residential	**9,584**	**-**
- Commercial	**282**	**-**
- Other	**-**	**-**
Number of employees	**229**	**208**
Electricity		
Units (kWh) Purchased (R)	**39,738,095**	**49,057,510**
Units (kWh) Sold (R)	**34,973,268**	**65,612,905**
Units (kWh) lost through distribution (R)	**4,764,827**	**16,555,395**
Percentage lost through distribution	**13.62%**	**25.23%**
Water		
Kl purchased (R)	**7,096,862**	**3,405,095**
Units (Kl) Sold ® (Rand)	**13,088,125**	**5,737,282**
	-	**2,332,187**
Percentage lost through distribution	**11.00%**	**40.65%**